

806 KAR 38:050. Fiscal soundness of organization.

RELATES TO: KRS 304.38-070

STATUTORY AUTHORITY: KRS 304.38-150

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.38-150 provides that the Executive Director of Insurance shall adopt reasonable rules and administrative regulations to administer KRS Chapter 304, Subtitle 38. This administrative regulation provides that the health maintenance organization satisfy the executive director as to their fiscal soundness so as to guarantee that its obligations to enrollees will be performed.

Section 1. Each health maintenance organization choosing to meet the financial requirements of KRS 304.38-070 by depositing with the executive director through the Custodian of Insurance Securities, certificates of deposit, cash, or general obligations issued, assumed or guaranteed by the United States, shall maintain their said deposits at market value at least equal to their required amount of deposit. Any general obligations referred to herein shall be in bearer form.

Section 2. The health maintenance organization shall pay into the Treasury of the Commonwealth, through the Office of the Executive Director of Insurance, its portion of the expense fund used in paying the custodian's salary, premium on his bond and other necessary expenses incident to the office used by the custodian. The portion of such expense fund to be paid by each company shall be in the same approximate proportion as the amount such company had on deposit on December 31 of the preceding year bears to the total of deposits with the Custodian of Insurance Securities as of December 31 of the preceding year. The executive director shall assess such company for its proportionate share of such expense fund. The minimum charge for each company shall be two (2) dollars. (1 Ky.R. 1091; eff. 7-2-75; TAm eff. 8-9-2007.)